



21668 Double Arch Road

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Staunton, IL 62088

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REDACTED - FOR PUBLIC INSPECTION

Via FedEx
June 24, 2015

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capital Heights, MD 20743

DOCKET FILE COPY ORIGINAL

Received & Inspected

JUN 25 2015

FCC Mail Room

**RE: FCC FORM 481 – CARRIER ANNUAL REPORTING DATA COLLECTION
CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE
ORDER IN WC DOCKET NOS. 10-90, 07-0135, 05-337, 03-109, CC DOCKET NOS. 01-
92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL
COMMUNICATIONS COMMISSION (FILED IN DOCKETS 14-58) AND
CONFIDENTIAL FINANCIAL INFORMATION FILED PURSUANT TO SECTIONS
.457 AND .459 OF THE FEDERAL COMMUNICATIONS COMMISSION RULES**

Dear Ms. Dortch,

Madison Telephone Company (or “Company”) hereby submits the attached redacted and confidential versions of its “FCC Form 481 – Carrier Annual Reporting Data Collection” financial information pursuant to sections §54.313 and §54.422 of the Commission’s rules, as filed with the Universal Service Administrative Company.

Section 3005 of Form 481 requires the filing of financial information per 47 C.F.R. §54.313(f)(2). Madison Telephone Company maintains that this information is “Confidential Financial Information” on the grounds that it is competitively sensitive information which could be used to disadvantage or harm Company and is submitting this information pursuant to Protective Order, DA 12-1857 as described below. In addition, the Company is requesting confidential treatment pursuant to sections 0.457 and 0.459 of the Commission’s rules for the Five-Year Service Quality Improvement Plan and Progress Report that is required by section 54.313(a)(1) to be attached to this report. Similar to the financial information submitted under section 54.313(f)(2), the information contained in the Five-Year Service Quality Improvement Plan and Progress Report contains competitively sensitive information, including but not limited to projected build-out plans and capital expenditures, that is secure from public access that could be used by a competitor to disadvantage or harm the Company.

No. of Copies rec'd
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First, Madison Telephone Company is submitting the 54.313(f)(2) "Confidential Financial Information" as a "Stamped Confidential Document" with each page bearing the legend CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-0135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION and also submitting the .457 and .459 "Confidential Financial Information" as a "Stamped Confidential Document" with each page labeled "CONFIDENTIAL - NOT FOR PUBLIC INSPECTION". One copy of the "Stamped Confidential Document(s)" and accompanying cover letter are enclosed.

Second, Madison Telephone Company is submitting the "Stamped Confidential Document(s)" as a "Redacted Confidential Document" where the "Confidential Financial Information" has been redacted. Two copies of the "Redacted Confidential Document(s)" and accompanying cover letter with each page labeled "REDACTED - FOR PUBLIC INSPECTION" are enclosed.

Finally, Madison Telephone Company is submitting two copies of the "Stamped Confidential Document(s)" and accompanying cover letter to Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications Commission, 445 Twelfth Street S.W., Room 5-A452, Washington, D.C. 20554.

FCC Form 481 was also filed prior to July 1st with the Illinois Commerce Commission.

Please contact me with any questions you have on this filing.

Sincerely,

/s/ Dave Beier

Dave Beier
Director of Regulatory and Finance
618-635-5000 ext 244
dbeier@madisontelco.com

Enclosures

**Madison Telephone Company
("Madison" or "Company")
FIVE YEAR SERVICE QUALITY IMPROVEMENT PLAN and
PROGRESS REPORT
Due July 1, 2015
Study Area Code 34-1049**

INTRODUCTION

This five year service quality improvement plan and progress report is a section of Madison's 2016 (2014 activity) FCC Form 481 Annual Report. It is in compliance with §54.313(a) (1) adopted in the FCC's USF/ICC Transformation Order (11-161). This document also incorporates further clarifications identified in subsequent Reconsideration Orders, as applicable, in effect prior to the filing of the Annual Report.

The Company has carefully developed its improvement plan and progress report, concentrating upon the delivery and continuation of a robust network which provides, at a minimum, the federally required voice and broadband connectivity as stipulated by regulatory rule. The Company advises that this improvement plan and progress report has been carefully crafted, matching measured network deployment, improvement in terms of capacity, coverage and quality service levels with known financial implications of the Transformation Order upon the Company's support cash flows.

The environment in which the Company operates remains dynamic, not static. As a result, the Company reserves the opportunity to modify its plan in response to further regulatory decisions as they are adopted and as their implication upon the Company's financial viability in providing the required services and service level quality becomes known.

The Company will re-evaluate this plan on an annual basis. Action, however, may also be taken abruptly on the presented plan for both current and outer years in the event of evolving regulatory conditions and/or changes in technology. All significant adjustments to the improvement plan in this document will be reflected and explained in subsequent annual reports.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹Per 47 C.F.R. § 54.314, federal USF support, "will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended." If investments or expenses are for service areas larger than the supported service areas, then allocations of the expenditures are required.

[REDACTED]

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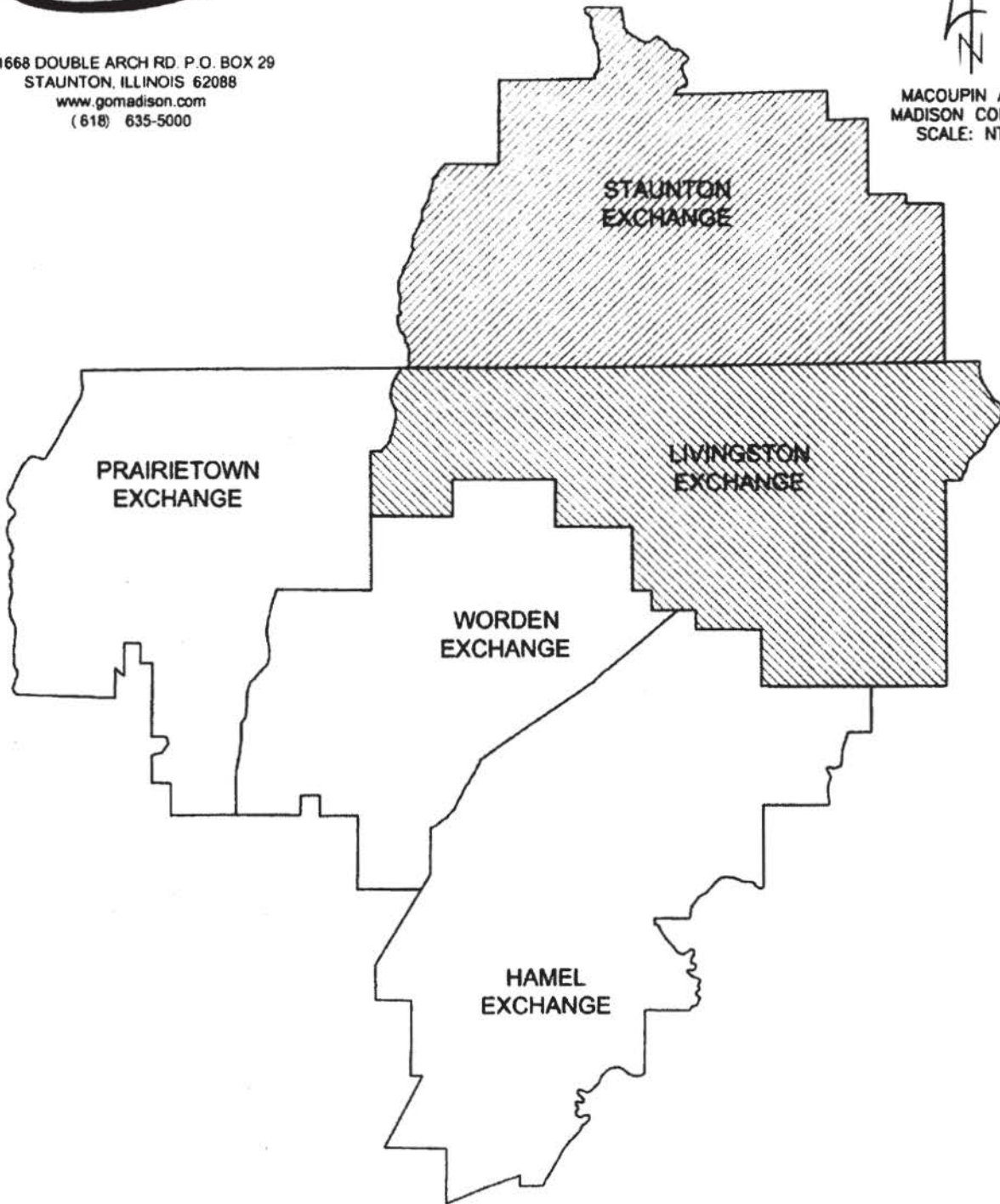


21668 DOUBLE ARCH RD. P.O. BOX 29
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www.gomadison.com
(618) 635-5000

All areas have capability of
10 Mbps down / 1 Mbps up speeds



MACOUPIN AND
MADISON COUNTY
SCALE: NTS



FILE MADISON BOUNDARY EXCHANGES STAUNTON, LIVINGSTON, HAMEL, WORDEN, & PRAIRIETOWN

PROJECT LOCATION OF MADISON COMMUNICATIONS EMBEDDED AND ACQUIRED EXCHANGE BOUNDARIES



EMBEDDED EXCHANGES



ACQUIRED EXCHANGES

SHEET: 1 OF 1



All areas have capability of
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WIRE CENTER NAME		COST		REGULATED %	AMOUNT IN USF	%	ALLOCATED	%	ALLOCATED	AREA	POPULATION	TARGET	ACTUAL	
DESCRIPTION of IMPROVEMENT		ESTIMATE	ALLOCATION	SUPPORT AREA	VOICE	VOICE	BROADBAND	BROADBAND	IMPACTED	IMPACTED	COMPLETE DATE	COMPLETE DATE	COMPLETE DATE	Notes
A	B	C	D	E=C*D	F	E*F	H	E*H	square miles	***	***	***	***	

Redacted - For Public Inspection

[illegible]

Redacted - For Public Inspection

[illegible]

Redacted - For Public Inspection

[illegible]

Redacted - For Public Inspection

WIRE CENTER NAME	DESCRIPTION of IMPROVEMENT	COST ESTIMATE	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA	% VOICE	ALLOCATED VOICE	% BROADBAND	ALLOCATED BROADBAND	AREA IMPACTED	POPULATION IMPACTED	TARGET COMPLETE DATE	ACTUAL COMPLETE DATE	Notes
A	B	C	D	E=C*D	F	E*F	H	E*H	square miles	***	***	***	

(3005a) Operating Report for Privately-Held Rate of Return Carriers

Balance Sheet - Data Collection Form

Redacted - For Public Inspection

FCC Form 481

OMB Control No. 3060-0986

OMB Control No. 3060-0819

July 2013

Page 1 of 3

<010> Study Area Code 341049
 <015> Study Area Name Madison Telephone Co.
 <020> Program Year 2016
 <030> Contact Name - Person USAC should contact regarding this data Dave Beier
 <035> Contact Telephone Number - Number of person identified in data line <030> 618-635-5000 ext 244
 <039> Contact Email Address - Email Address of person identified in data line <030> dbeier@madisontelco.com

Filed as reviewed single company
 Filed as reviewed consolidated company
 Filed as subsidiary of reviewed consolidated company

Filed as audited single company
 Filed as audited consolidated company
 Filed as subsidiary of audited consolidated company

X

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

Signature

Date

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
0. Total Current Assets (1 Thru 9)			39. Funded Debt-Other - RTFC		
			40. Funded Debt-Rural Develop. Loan		
NONCURRENT ASSETS			41. Premium (Discount) on L/T Debt		
1. Investment in Affiliated Companies			42. Recquired Debt		
a. Rural Development			43. Obligations Under Capital Lease		
b. Nonrural Development			44. Adv. From Affiliated Companies		
2. Other Investments			45. Other Long-Term Debt		
a. Rural Development			46. Total Long-Term Debt (36 thru 45)		
b. Nonrural Development			OTHER UAB. & DEF. CREDITS		
3. Nonregulated Investments			47. Other Long-Term Liabilities		
4. Other Noncurrent Assets			48. Other Deferred Credits		
5. Deferred Charges			49. Other Jurisdictional Differences		
6. Jurisdictional Differences			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
7. Total Noncurrent Assets (11 thru 16)			EQUITY		
			51. Cap. Stock Outstanding & Subscribed		
PLANT, PROPERTY, AND EQUIPMENT			52. Additional Paid-in-Capital		
8. Telecom, Plant-in-Service			53. Treasury Stock		
9. Property Held for Future Use			54. Membership and Cap. Certificates		
0. Plant Under Construction			55. Other Capital		
1. Plant Adj., Nonop. Plant & Goodwill			56. Patronage Capital Credits		
2. Less Accumulated Depreciation			57. Retained Earnings or Margins		
3. Net Plant (18 thru 21 less 22)			58. Total Equity (51 thru 57)		
4. TOTAL ASSETS (10+17+23)			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

(3005b) Operating Report for Privately-Held Rate of Return Carriers
Income Statement - Data Collection Form

Redacted - For Public Inspection

FCC Form 481
OMB Control No. 3060-0986
OMB Control No. 3060-0619
July 2013

Page 2 of 3

<010> Study Area Code 341049
<015> Study Area Name Madison Telephone Co.
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<030> Contact Name - Person USAC should contact regarding this data Dave Beier
<035> Contact Telephone Number - Number of person identified in data line <030> 618-635-5000 ext 244
<039> Contact Email Address - Email Address of person identified in data line <030> dbeier@madisontelco.com

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins end-of-Period [(31+33+34)-(35+36+37+38)]		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11)/7]		
46. Operating Accrual Ratio [(14+20+26)/7]		
47. TIER [(31+26)/26]		
48. DSCR [(31+26+10+11)/44]		

(3005c) Operating Report for Privately-Held Rate of Return Carriers

Cash Flow - Data Collection Form

Redacted - For Public Inspection

FCC Form 481

OMB Control No. 3060-0986

OMB Control No. 3060-0819

Page 3 of 3

July 2013

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<015> Study Area Name	Madison Telephone Co.
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Dave Beier
<035> Contact Telephone Number - Number of person identified in data line <030>	618-635-5000 ext 244
<039> Contact Email Address - Email Address of person identified in data line <030>	dbeier@madisonelco.com

PART C. STATEMENTS OF CASH FLOWS	
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES	
2. Net Income	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3. Add: Depreciation	
4. Add: Amortization	
5. Other (Explain)	
Changes in Operating Assets and Liabilities	
6. Decrease/(Increase) in Accounts Receivable	
7. Decrease/(Increase) in Materials and Inventory	
8. Decrease/(Increase) in Prepayments and Deferred Charges	
9. Decrease/(Increase) in Other Current Assets	
10. Increase/(Decrease) in Accounts Payable	
11. Increase/(Decrease) in Advance Billings & Payments	
12. Increase/(Decrease) in Other Current Liabilities	
13. Net Cash Provided/(Used) by Operations	
CASH FLOWS FROM FINANCING ACTIVITIES	
14. Decrease/(Increase) in Notes Receivable	
15. Increase/(Decrease) in Notes Payable	
16. Increase/(Decrease) in Customer Deposits	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20. Less: Payment of Dividends	
21. Less: Patronage Capital Credits Retired	
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	
25. Other Long-Term Investments	
26. Other Noncurrent Assets & Jurisdictional Differences	
27. Other (Explain) RTFC - Patronage Capital/Certificates, Net	
28. Net Cash Provided/(Used) by Investing Activities	
29. Net Increase/(Decrease) in Cash	
30. Ending Cash	



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Madison Telephone Company
Staunton, Illinois 62088

We have audited the accompanying financial statements of **Madison Telephone Company** (an Illinois S corporation and a wholly-owned subsidiary of Schwartz Ventures, Inc.), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Madison Telephone Company** as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marlett & Associates CPAs, Ltd.

Springfield, Illinois
April 22, 2015



MARLETT & ASSOCIATES
C P A S LTD

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To Board of Directors and Management
of Madison Telephone Company

In planning and performing our audit of the financial statements of Madison Telephone Company as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Madison Telephone Company's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, Board of Directors, and others within the Company, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Marlett & Associates CPAs, Ltd.

Marlett & Associates
Certified Public Accountants, Ltd.
Springfield, Illinois
April 22, 2015



MARLETT & ASSOCIATES
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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

April 22, 2015

Board of Directors
Madison Telephone Company
Staunton, Illinois 62088

We have audited the financial statements of the Madison Telephone Company for the year ended December 31, 2014 and have issued our report thereon dated April 22, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 20, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Madison Telephone Company are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 22, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have communicated issues concerning internal control over financial reporting and on compliance and other matters in our letter dated April 22, 2015.

This information is intended solely for the use of the Board of Directors and management of Madison Telephone Company and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Marlett & Associates CPAs, Ltd.

Marlett & Associates
Certified Public Accountants, Ltd.